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Report Highlights:

Korean leaf tobacco area and production are forecast to contract again in 2004. Elimination of domestic leaf tobacco purchasing requirements in 2001 and privatization of KT&G, the former state-owned tobacco processing firm, in December 2002 paved way for Korean tobacco processors to shift from domestic to imported tobacco.

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Situation and Outlook

Korean leaf tobacco area and production are forecast to contract again in 2004. Elimination of domestic leaf tobacco purchasing requirements in 2001 and privatization of KT&G, the former state-owned tobacco processing firm, in December 2002 paved the way for Korean tobacco processors to shift from domestic to imported tobacco. Accordingly, domestic tobacco production is expected to continue to decline.

Remarkably strong cigarette exports, reaching 30.9 billion pieces in 2003, boosted foreign leaf tobacco imports. Domestic cigarette consumption, however, is expected to contract in response to a 500 won (\$0.42 per pack) increase in cigarette prices. The price increase in cigarettes, scheduled for the latter half of 2004, is one component of the government's anti-smoking campaign.

Leaf Tobacco Production

KT&G's requirement to purchase domestic leaf tobacco expired in 2001. Since expiration of the domestic purchase requirements, Korean leaf tobacco production has decreased sharply.

Total leaf tobacco production in 2004 is forecast at 36,380 MT. Area planted in 2004 is expected to decrease 17 percent from 2003. In 2003, total leaf tobacco production decreased to 35,666 MT; a 17 percent decrease from 2002 production of 43,013 MT. Frequent rain while the tobacco was in its growth stage and limited sunshine during the harvesting season retarded yields and reduced tobacco production in 2003. Flue-cured production in 2003 decreased to 24,729 MT from 30,447 MT in 2002. Burley production decreased to 10,937 MT from 16,206 MT in 2002. Stocks of burley in Korea are relatively high at present. Processors are expected to draw down burley stocks over the next couple of years. Accordingly, production of burley is expected to contract while processors work off stocks.

The number of tobacco growers decreased to 21,592 in 2003 from 25,935 in 2002 along with the reduction in leaf tobacco production. Korean tobacco grower numbers are expected to decrease to 17,000 in 2004.

Leaf Tobacco Consumption

Korea's total leaf tobacco consumption in 2004 is estimated to increase to 62,038 MT from 59,532 MT as a result of increased cigarette exports and local manufacturing of foreign brand cigarettes in Korea. However, the usage weight of domestic leaf tobacco is not expected to increase as a result of increased cigarette exports and more domestic production of foreign brand cigarettes. KT&G (the largest cigarette manufacturer in Korea) increased the usage of foreign leaf tobacco to 20 percent in 2003. British American Tobacco (BAT) Korea and Philip Morris (PMI) Korea are expected to expand their market shares in 2004. However, BAT and PMI have no plans to use local leaf tobacco. Japan Tobacco International (JTI), a Japanese cigarette manufacturer that has exported cigarettes to Korea in the past, responded to an increase in the Korea import tariff on imported cigarettes (to 40 percent) in 2004 by consigning production of the brands that were previously produced in Japan to KT&G to be produced domestically in Korea.

Leaf Tobacco Trade

Leaf tobacco imports are forecast to increase to 29,000 MT in 2004 along with the continuing increase of Korean cigarette exports to the Middle East and Central Asia. In 2003, Korea's leaf tobacco imports increased to 27,623 MT; a 59 percent increase from 17,419 MT in 2002.

Tobacco imports have been bolstered by entry of two foreign cigarette manufacturers (BAT Korea and PMI Korea) that began production in Korea in March 2003.

Foreign cigarette companies operating in Korea in 2003 did not consume domestic leaf tobacco, which is considerably more expensive than imported leaf tobacco. As a result, imports of leaf tobacco in 2003 increased to 27,623 MT from 11,697 MT in 2002. Concurrently 5,777 MT of tobacco stems (tobacco refuse) were imported again in 2003, the first since 1992 (3,842 MT).

Out of the total amount of leaf tobacco imported by manufacturers in Korea in 2003 (27,623 MT), nearly all (23,541 MT) was classified as flue-cured. Flue-cured tobacco arrived in Korea from Brazil (8,674 MT), the United States (5,109 MT), and China (4,946 MT). Flue-cured imports from China were up substantially from only 600 MT in 2002. Korea also imported 3,299 MT of oriental leaf tobacco from Greece and Turkey in 2003, a 42 percent decrease from 5,722 MT in 2002.

In the past when KT&G's had a requirement to purchase local production, KT&G regularly exported leaf tobacco at a loss to reduce the high inventory. Now that there is no local purchasing requirement, exports of leaf tobacco have dropped sharply.

Leaf Tobacco Stock

According to KT&G, the optimum leaf tobacco stock (including domestic and imported tobacco) to have on hand for cigarette manufacturing is around 75,000 MT, which would represent about 2 years of consumption capacity. However, ending stocks in 2003 were estimating an 116,000 MT. Ending stocks in 2004 are expected to continue to decrease, driven by receding domestic tobacco production and strong export demand for cigarettes.

Cigarette Market Situation

An intensive anti-smoking campaign and expected increases in cigarette prices during the second half of 2004 are forecast to reduce Korean cigarette consumption in 2004. Conversely, Korean cigarette production is forecast to increase to 123,700 million pieces to meet strong export demand from the Middle East, Central Asia and new markets in China and the United States. In 2004, total local cigarette sales are expected to decrease to 90,000 million pieces from 96,780 million pieces in 2003.

Due to local cigarette manufacturing by two foreign-owned companies, foreign cigarette imports in 2003 decreased dramatically to 5,339 million pieces from 18,841 million in 2002. Imports are expected to continue to decrease in 2004 in line with Japan Tobacco International's decision to have their brands produced in Korea by KT&G.

Cigarette prices are expected to increase during the second half of 2004 in response to a revision of the National Health Promotion Act. Currently, a "health fund" tax of 150 Korean won per pack of cigarettes is in effect. Under the revision of the Act, the "health fund" tax will increase to 650 won per pack. The Ministry of Health and Welfare (MOHW) estimated that the resulting cigarette price increases would cause 5 percent reduction in total cigarette consumption. Korea is still one of Asia's largest cigarette markets with about 60 percent of male adults being smokers, compared to roughly 30 percent in other economically advanced countries.

Among cigarette manufacturers in Korea, KT&G commanded a 76.6 percent share in 2003, while foreign competitors' share increased to 23.3 percent from 21.6 percent in 2002. Despite aggressive marketing by foreign manufacturers in Korea, KT&G has maintained

market share with the introduction of a variety of lower nicotine and tar containing cigarettes to meet the needs of increasingly health-conscious smokers.

Korea's cigarette market is shifting rapidly to the low-tar (less than 5mg per piece) and low-nicotine cigarettes in 2004. Ultra-low tar (less than 3mg per piece) cigarette sales reached 50 percent of total sales in January 2004. In 2003, domestic and foreign manufacturers introduced 12 new cigarettes to the market. Among the 12 new products, 75 percent were low and ultra-low cigarettes. Premium cigarettes (over 1800 won per pack) accounted for 58 percent of sales in 2003 and are expected to grow to 67 percent in 2004.

KT&G's total cigarette exports increased to 30,900 million pieces in 2003, a 44 percent increase from 21,400 million pieces in 2002. Exports accounted for 29 percent of total sales volume in 2003. KT&G invested in a manufacturing factory in Turkey in 2004 and is expected to produce in Turkey in 2005.

PS&D

PS&D for Tobacco, Unmfg, Total

PSD Table

Country	Korea, Republic of						
Commodity	Tobacco, Unmfg., Total						(HA)(MT)
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [1]	IA Official	Estimate [1]	IA Official	Estimate [New]	
Market Year Begin	01-2002		01-2003		01-2004		MM/YYYY
Area Planted	21200	20985	23940	18000	0	14900	(HA)
Beginning Stocks	127250	122750	128905	116578	128282	115579	(MT)
Farm Sales Weight Prod	52350	46653	55587	35666	0	36380	(MT)
Dry Weight Production	47115	41987	50028	32099	0	32742	(MT)
U.S. Leaf Imports	4000	3858	3844	5109	0	5000	(MT)
Other Foreign Imports	10300	7839	4802	22514	0	24000	(MT)
TOTAL Imports	14300	11697	8646	27623	0	29000	(MT)
TOTAL SUPPLY	188665	176434	187579	176300	128282	177321	(MT)
Exports	3000	2038	3254	1189	0	1200	(MT)
Dom. Leaf Consumption	42160	46961	45993	34500	0	34538	(MT)
U.S. Leaf Dom. Consum.	4100	5000	4050	4500	0	4500	(MT)
Other Foreign Consump.	10500	5857	6000	20532	0	23000	(MT)
TOTAL Dom. Consumpti	56760	57818	56043	59532	0	62038	(MT)
TOTAL Disappearance	59760	59856	59297	60721	0	63238	(MT)
Ending Stocks	128905	116578	128282	115579	0	114083	(MT)
TOTAL DISTRIBUTION	188665	176434	187579	176300	0	177321	(MT)

PS&D for Flue Cured Tobacco

Country	Korea, Republic of						
Commodity	Tobacco, Unmfg., Flue Cured (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [1]	USDA Official	Estimate [1]	USDA Official	Estimate [New]	
Market Year Begin	01-2002		01-2003			01-2004	MM/YYYY
Area Planted	15170	14992	13040	13040	0	10980	(HA)
Beginning Stocks	69268	69500	73173	64788	66496	66583	(MT)
Farm Sales Weight Prod	35950	30447	29627	24729	0	26000	(MT)
Dry Weight Production	32355	27402	26664	22256	0	23400	(MT)
U.S. Leaf Imports	4000	3858	3800	5109	0	4000	(MT)
Other Foreign Imports	5300	7839	8000	18432	0	18000	(MT)
TOTAL Imports	9300	11697	11800	23541	0	22000	(MT)
TOTAL SUPPLY	110923	108599	111637	110585	66496	111983	(MT)
Exports	1500	1538	1500	552	0	400	(MT)
Dom. Leaf Consumption	26650	31416	33141	22500	0	22538	(MT)
U.S. Leaf Dom. Consum.	4100	5000	4500	4500	0	4500	(MT)
Other Foreign Consump.	5500	5857	6000	16450	0	17000	(MT)
TOTAL Dom. Consumpti	36250	42273	43641	43450	0	44038	(MT)
TOTAL Disappearance	37750	43811	45141	44002	0	44438	(MT)
Ending Stocks	73173	64788	66496	66583	0	67545	(MT)
TOTAL DISTRIBUTION	110923	108599	111637	110585	0	111983	(MT)

PS&D for Burley Tobacco

PSD Table

Country	Korea, Republic of						
Commodity	Tobacco, Unmfg., Burley						(HA)(MT)
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [1]	IA Official	Estimate [1]	IA Official	Estimate [New]	
Market Year Begin	01-2002			01-2003		01-2004	MM/YYYY
Area Planted	6030	6008	4960	4960	0	3920	(HA)
Beginning Stocks	51405	53250	50155	51790	44925	48996	(MT)
Farm Sales Weight Prod	16400	16206	13386	10937	0	10380	(MT)
Dry Weight Production	14760	14585	12047	9843	0	9342	(MT)
U.S. Leaf Imports	0	0	0	0	0	0	(MT)
Other Foreign Imports	0	0	100	783	0	1000	(MT)
TOTAL Imports	0	0	100	783	0	1000	(MT)
TOTAL SUPPLY	66165	67835	62302	62416	44925	59338	(MT)
Exports	1500	500	700	637	0	800	(MT)
Dom. Leaf Consumption	14510	15545	16577	12000	0	12000	(MT)
U.S. Leaf Dom. Consum.	0	0	0	0	0	0	(MT)
Other Foreign Consump.	0	0	100	783	0	1000	(MT)
TOTAL Dom. Consumpti	14510	15545	16677	12783	0	13000	(MT)
TOTAL Disappearance	16010	16045	17377	13420	0	13800	(MT)
Ending Stocks	50155	51790	44925	48996	0	45538	(MT)
TOTAL DISTRIBUTION	66165	67835	62302	62416	0	59338	(MT)

PS&D for Cigarette

PSD Table

Country	Korea, Republic of						
Commodity	Tobacco, Mfg., Cigarettes						(MIL PCS)
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [1]	A Official	Estimate [1]	A Official	Estimate [New]	
Market Year Begin		01-2002		01-2003		01-2004	MM/YYYY
Filter Production	93750	93750	92000	122341	0	123700	(MIL PCS)
Non-Filter Production	0	0	0	0	0	0	(MIL PCS)
TOTAL Production	93750	93750	92000	122341	0	123700	(MIL PCS)
Imports	18841	18841	20000	5339	0	1300	(MIL PCS)
TOTAL SUPPLY	112591	112591	112000	127680	0	125000	(MIL PCS)
Exports	21400	21400	25000	30900	0	35000	(MIL PCS)
Domestic Consumption	91191	91191	87000	96780	0	90000	(MIL PCS)
TOTAL DISTRIBUTION	112591	112591	112000	127680	0	125000	(MIL PCS)

Production – Unmanufactured Tobacco Total

	Area Planted			Production		
	(Hectares)			(Metric Tons)		
	2002	2003	2004	2002	2003	2004
Tobacco, Unmfg., Burley	6,008	4,960	3,920	16,206	10,937	10,380
Dark Air & Sun Cured	0	0	0	0	0	0
Dark Air Cured	0	0	0	0	0	0
Dark Fire Cured	0	0	0	0	0	0
Tobacco, Unmfg., Flue Cured	14,992	13,040	10,980	30,447	24,729	26,000
Light Air Cured	0	0	0	0	0	0
Tobacco, Unmfg., Oriental	0	0	0	0	0	0
Tobacco, Unmfg.	20,985	18,000	14,900	46,653	35,666	36,380

Trade Matrix

Korea: Total Imports of Unmanufactured Tobacco for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Brazil	8,710	28,139	1,831	6,231
P.R. China	4,946	10,179	56	178
USA	5,109	40,732	749	6,152
India	1,628	1,407	0	0
Greece	4,693	24,610	1,570	7,759
Turkey	1,096	2,719	463	972
Uganda	305	1,348	0	0
Malawi	232	593	0	0
Argentina	198	678	0	0
Bangladesh	40	91	59	148
Mexico	104	433	52	203
Italy	79	276	78	275
Macedonia	31	120	321	1,637
Iran	0	0	200	278
Bulgaria	13	25	0	0
Other	439	1,940	53	233
Total	27,623	113,290	5,432	24,066

Source: Korea Trade Information Services (KOTIS)

Korea: Imports of Burley for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Uganda	305	1,348	0	0
Malawi	232	593	0	0
Mexico	104	433	52	203
Italy	79	276	78	275
Brazil	36	147	139	513
Other	27	103	0	0
Total	783	2,900	268	991

Source: Korea Trade Information Services (KOTIS)

Korea: Imports of Flue-cured for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Brazil	8,674	27,992	1,692	5,718
USA	5,109	40,732	749	6,152
P.R. China	4,946	10,179	56	178
Greece	2,534	12,878	0	0
India	1,628	1,407	0	0
Argentina	198	678	0	0
Bangladesh	40	91	59	148
Other	412	1,835	53	233
Total	23,541	95,792	2,609	12,429

Source: Korea Trade Information Services (KOTIS)

Korea: Imports of Oriental for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Greece	2,159	11,732	1,570	7,759
Turkey	1,096	2,719	463	972
Macedonia	31	120	321	1,637
Iran	0	0	200	278
Bulgaria	13	25	0	0
Other	0	2	0	0
Total	3,299	14,598	2,554	10,646

Source: Korea Trade Information Services (KOTIS)

Korea: Imports of Tobacco stems for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
India	3,669	705	1,560	323
P.R. China	1,540	896	0	0
Bangladesh	154	83	0	0
Spain	134	136	0	0
Brazil	47	44	79	71
Philippines	0	0	537	107
Indonesia	0	0	115	23
USA	115	109	0	0
Argentina	2	3	0	0
Malawi	0	0	77	41
Uganda	38	30	0	0
Other	78	63	0	0
Total	5,777	2,069	2,368	565

Source: Korea Trade Information Services (KOTIS)

Korea: Total Exports of Unmanufactured Tobacco for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Greece	997	4,263	432	1,772
France	192	685	0	0
Bulgaria	0	0	97	382
Other	0	0	0	0
Total	1,189	4,948	529	2,154

Source: Korea Trade Information Services (KOTIS)

Korea: Exports of Burley for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Greece	445	1,659	215	715
Bulgaria	0	0	97	382
France	192	685	0	0
Other	0	0	0	0
Total	637	2,344	312	1,097

Source: Korea Trade Information Services (KOTIS)

Korea: Exports of Flue-cured for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Greece	552	2,604	217	1,057
Other	0	0	0	0
Total	552	2,604	217	1,057

Source: Korea Trade Information Services (KOTIS)

Korea: Exports of Tobacco stems for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Russia	1,021	262	373	104
Other	0	0	0	0
Total	1,021	262	373	104

Source: Korea Trade Information Services (KOTIS)

Korea: Imports of Filter Tip Cigarettes for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
Japan	3,390	49,344	650	8,750
U.K.	685	8,827	3	94
German	584	9,788	0	17
USA	572	9,036	58	886
Holland	281	6,162	0	8
P.R. China	156	835	46	395
Greece	12	114	2	16
Philippines	12	40	0	0
Hong Kong	3	38	0	10
Indonesia	2	20	0	4
Spain	3	33	0	0
Other	2	85	0	0
Total	5,702	84,322	759	10,180

Source: Korea Trade Information Services (KOTIS)

Korea: Exports of Filter Tip Cigarette for CY 2003 – 2004

Country	CY 2003		CY 2004 (Jan. – Mar.)	
	MT	US\$ 000	MT	US\$ 000
U.A.E.	21,268	99,678	6,659	32,142
Afghanistan	9,562	44,653	1,972	9,328
Turkmenistan	7,492	32,581	2,281	10,009
USA	1,895	27,364	305	4,515
Kyrgyzstan	1,107	5,502	252	1,098
Uzbekistan	486	2,326	80	364
Iran	262	1,268	2,056	12,780
Russia	231	1,936	146	1,323
P.R. China	220	3,572	92	1,482
Mongolia	179	1,575	39	326
Jordan	504	2,201	0	0
Other	684	6,063	233	2437
Total	43,890	228,719	14,115	75,804

Source: Korea Trade Information Services (KOTIS)

Price Tables

Korea: Purchase price of Burley and Flue-cured Tobacco by KT&G for CY 2003

Stalk Position	Leaf & Cutter (KRW / KG) 1/				Tip & Lug (KRW / KG)		
Grade	No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3
Burley	6,610	5,980	5,570	4,430	5,570	4,750	4,120
Flue-cured	7,660	6,940	6,330	5,020	6,330	5,430	4,660

1/ Korean Won / KG

Source: Korea Tomorrow and Global (KT&G) Corporation

Korea: Imports Prices of Flue-cured and Oriental Tobacco

(Unit: US\$/KG, CIF basis)

Year	1996	1997	1998	1999	2000	2001	2002	2003
Flue-cured	8.41	9.07	9.16	8.49	6.71	4.95	4.61	4.07
Oriental	5.45	5.45	6.07	5.37	4.8	4.65	3.8	4.42

Source: Korea Trade Information Services (KOTIS)

Korea: Exports Prices of Burley and Flue-cured Tobacco

(Unit: US\$/KG, FOB basis)

Year	1996	1997	1998	1999	2000	2001	2002	2003
Burley	4.6		4.33	4.13	3.85	3.85	3.93	3.68
Flue-cured	4.43	4.14	4.31	4.87	4.95	4.22	4.28	4.71

Source: Korea Trade Information Services (KOTIS)

Market Share**Korea: Domestic and Foreign Cigarette Sales**

(Unit in Million Sticks)

Year	Domestic	Growth	Foreign	Growth	Total	Growth
1992	96,356	2.7	5,333	6.9	101,689	2.9
1993	99,119	2.9	7,158	34.2	106,277	4.5
1994	87,699	- 11.5	8,549	19.4	96,248	- 9.4
1995	88,293	0.7	12,490	46.1	100,783	4.7
1996	93,010	5.3	11,509	- 7.9	104,519	3.7
1997	92,622	- 0.4	11,686	1.5	104,308	- 0.2
1998	101,326	9.4	5,246	- 55.1	106,572	2.2
1999	89,322	- 11.8	6,167	17.6	95,489	- 10.4
2000	95,068	6.4	9,872	60.1	104,940	9.9
2001	83,416	- 12.3	15,501	57.1	98,917	- 5.7
2002	72,350	- 13.3	18,841	21.5	91,191	- 7.8
2003	74,265	2.6	22,516	19.5	96,780	6.1

Source: Industry Data

Korea: Cigarette Sales by Major Market Competitors for CY 2003 – 2004

(Unit in Million Sticks)

Company	CY 2002		CY 2003		CY 2004 (Jan-Apr)	
	Sales	Mkt Shr.	Sales	Mkt Shr.	Sales	Mkt Shr.
KT&G (Korea)	72,350	79.34%	74,265	76.7%	22,878	76.9%
British American Tobacco (U.K.)	9,774	11.72%	12,355	12.8%	3,660	12.3%
Philip Morris (USA)	5,209	5.71%	6,389	6.6%	2,329	7.8%
Japan Tobacco (Japan)	3,820	4.19%	3,728	3.9%	852	2.9%
Other	38	0.04%	45	0%	14	0.1%
Total	91,191	100.0%	96,780	100.0%	29,735	100.0%

Source: Industry Data

Korea: Market Share of Top 4 Foreign Cigarettes for CY 2001 – 2003

(Unit in %)

Company	CY 2002	CY 2003	CY 2004 (Jan-Mar)
Dunhill (BAT)	50.2%	53.9%	54.8%
Virginia Slims (PM)	15%	12.2%	12.5%
Mild Seven (JT)	19%	15.4%	12.3%
Marlboro (PM)	9.3%	8.2%	10.4%
Other	6.5%	10.3%	10.0%
Total	100.0%	100.0%	100.0%

Source: Industry Data

Tariffs and Taxes

Korea: Taxes and Charges for Cigarettes

(As of February 1, 2002, Unit in Korean Won)

Tax and Charge	Retail price of 2,000 Won per pack of cigarettes
Taxes	
* Consumption (Excise) tax	510
* Education Tax (50% of Consumption Tax)	255
* Value added tax (10% of wholesale price)	164
Charges	
* Health Fund (Public Health Promotion Supporting Fund)	150 (650) 2/
* Green Fund (Public Environment Supporting Fund)	4
* Subsidy Fund (Leaf Tobacco Cultivation Stabilizing Fund) 1/	10

Subtotal of taxes and charges	1,093
Retailer Margin (10% of retail price)	200
Net Cost per pack of cigarettes	707

1/ Subsidy fund is charged to KT&G only, not foreign cigarette manufacturers in Korea.

2/ In accordance with the expected revision of National Health Promotion Act, a 500 Won is scheduled to increase from July 2004.

Source: Industry Data

Korea: Tobacco and Cigarette Tariff Rates

HS code	Description	Actual Applied Rates			WTO Bound Rates 1/		
		2003	2004	2005	2003	2004	2005
2401	Unmanufactured tobacco	20	20	20	55.7	54.0	54.0
2402	Cigars, cheroots, cigarillos, and cigarettes, of tobacco or of tobacco substitutes	30	40	40	69.0	65.5	65.5
2403	Other manufactured tobacco and manufactured tobacco substitutes, "homogenized" or "reconstituted" tobacco, tobacco extracts and essences	40	40	40	69.0	65.5	65.5

1/ According to the WTO agreement, the tariff rate is scheduled to drop evenly over a 10 year from 1995 to 2004.